

Section 12: Department of Labor

In FY 2010, the Department of Labor received \$13.5 billion in discretionary funding, a five percent increase over last year's non-emergency discretionary level.

This amendment would rescind \$679.1 million (five percent) from the Department and direct the Secretary to eliminate and consolidate more than 35 duplicative programs at the Department and eliminate waste to produce savings.

Duplicative Labor Programs

Job Training and Employment

At least 28 federal programs, totaling over \$9 billion, support job training and employment. Eighteen of these programs fall under the Labor Department's jurisdiction and the agency spends \$130 million annually administering its training and employment programs.

- **Community Service Employment for Older Americans** (National and State Program Funds) provide assistance to low-income individuals 55 and older to help them enter or re-enter the workforce through work-based community service training at non-profit or government agencies (\$600 million).
- **Adult Employment and Training Activities** provides financial assistance to states and territories to design and operate training and employment assistance programs for adults, including low-income individuals and public assistance recipients (\$861 million).
- **Dislocated Worker Employment and Training Activities** supports re-employment services and retraining assistance to individuals dislocated from their employment (\$1.2 billion).
- **Youth Activities** supports a wide range of activities and services to prepare low-income youth for academic and employment success, including summer jobs; links academic and occupational learning (\$924 million).
- The **Native American programs** provides grants to tribes and other Native American groups to provide training, work experience and other employment-related services to Native Americans (\$52 million).

- **Migrant and Seasonal Farmers** provides grants to public agencies and nonprofit groups to provide training and other employability development services to economically disadvantaged youth and families whose principal livelihood is in migratory and seasonal farmwork (\$84 million).
- **WIA demonstration projects** support demonstration projects, including a \$30 million for Transitional Jobs (\$93 million).
- **Career Pathways/Community College competitive grant program** for community college-led partnerships to develop or expand career pathway programs (\$125 million).
- **YouthBuild** supports a youth and community development program that simultaneously addresses core issues facing low-income communities: housing, education, employment, crime prevention, and leadership development (\$102 million).
- **Green Jobs Initiative** supports activities that prepare workers for careers in energy efficiency and renewable energy (\$40 million).

Five of the Labor Department's job training and employment programs support the training and employment of our nation's veterans. These programs are separate from educational assistance provided under the Montgomery GI bill and related programs.

- **Jobs for Veterans (State Grants)** seeks to ensure maximum employment and training opportunities for veterans and priority of service for veterans within the state workforce delivery system for employment or training (\$169 million).
- **"Federal Management"** carries out programs and develops policies to provide veterans maximum employment and training activities (\$35 million).
- **National Veterans Employment and Training Services Institute** supplies competency-based training to federal and state providers of services to veterans (\$2 million).
- **Homeless Veterans Reintegration Program** provides grants to states or other public entities to operate employment outreach programs to reach homeless veterans and help them if they become employed (\$26 million).

- **Veterans Workforce Investment Program** provides competitive grants geared toward training and re-training to create employment opportunities for veterans in high skill occupations, and to meet employer demands (\$8 million).

The **Department of Veterans Affairs** also administers the **Vocational Rehabilitation and Employment Program** (VR&E) to help veterans with service-connected disabilities prepare for, find, and keep suitable jobs. Veterans eligible for Montgomery GI Bill -- Active Duty and the VR&E must select which they will receive educational benefits under.

The **Department of Education** administers seven programs to support career and technical training.

- **Migrant Education's High School Equivalency Program**, which serves the same purposes as the Labor Department's Migrant and Seasonal Farmers, helps migratory and seasonal farmworkers (or children of) who are 16 years of age or older and not currently enrolled in school to obtain the equivalent of a high school diploma and subsequently gain employment or being postsecondary education or training (\$18 million). *(In addition to these programs, there are three education specific programs administered by the Department of Education exclusively to support migrant and seasonal workers).*
- **Tech Prep** provides assistance to states to award grants to consortia of school districts and postsecondary institutions to help students earn associates degree in a technical career field (\$102 million).
- **Career and Technical Education (Basic Grants to States)** develops the academic, career and technical skills of secondary and postsecondary students (\$1.1 billion).
- **Career and Technical Education (Grants to Native Americans and Alaska Natives)** funds help improves the career and technical education skills of Native Americans and Alaska Natives (\$14 million).
- **Career and Technical Education National Programs** supports research and evaluation of career and technical education, including National Center for Research in Career and Technical Education (\$7.8 million).
- **Career and Technical Education (Native Hawaiians)** provides assistance to plan, conduct and administer programs or portions of programs that provide career and technical training to Native Hawaiians (\$2.9 million).

- **Tribally Controlled Postsecondary Career and Technical Institutions Program** awards grants to eligible tribally controlled postsecondary career and technical education institutions to provide basic support for education and training of Indian students in CTE programs and for instructional support of tribally controlled postsecondary career and technical institutions (\$7.7 million).

HHS administers the **Ticket to Work program**, funded at \$65 million, to support state efforts to enhance employment options for people with disabilities.

HUD supports the **Choice Neighborhood Initiative**, funded at \$65 million. Similar to the Department of Labor's "YouthBuild" program, this new initiative works to transform neighborhoods of poverty into functioning, sustainable mixed income neighborhoods with appropriate services, public assets, transportation and access to jobs, and schools, including public schools, community schools, and charter schools.

Unemployment Compensation and Benefits

The federal government provides unemployment insurance and benefits primarily through the Unemployment Trust Fund. Although the UTF is a single trust fund, it has 59 accounts: the Employment Security Administration Account (ESAA), the Extended Unemployment Compensation Account (EUCA), and the Federal Unemployment Account (FUA), 53 state accounts, the Federal Employees Compensation Account (FECA), and two accounts related to the Railroad Retirement Board.

An estimated \$6.73 billion in federal unemployment taxes and \$32.69 billion in state unemployment taxes will be collected in FY2009. The federal government also appropriates funds for federal and state Unemployment Compensation program administration. In FY2009, the states received an estimated \$5.33 billion from the federal government for the administration of their UC programs.¹

In addition to unemployment compensation and extended benefits, there are several federal programs that provide additional forms of unemployment compensation and assistance:

- **Emergency Unemployment Compensation**, managed by the Labor Department, is a new temporary unemployment insurance program that provides up to an additional 34 weeks of unemployment benefits and, if certain economic conditions exist within the state, up to an additional 19

¹ CRS, Unemployment Insurance: Available Unemployment Benefits and Legislative Activity, December 17, 2009.

weeks of benefits (federal share funded at \$4.35 million in FY 2009).

- **Employment Services** to states is a nationwide system providing no-fee employment services to job-seekers and employers. Funding goes to states largely based on unemployment data (\$704 million).
- The Labor Department manages benefits associated with **Trade Adjustment Assistance**. Funded at \$212 million, the Trade Adjustment Assistance (TAA) provides several benefits: a weekly cash payment available for 52 weeks after a worker's unemployment compensation (UC) benefit is exhausted and during the period in which a worker is participating in an approved full-time training program; a job search allowance to cover expenses incurred in seeking employment outside normal commuting area; and a relocation allowance to reimburse approved expenses if individual is successful in obtaining employment outside normal commuting area for you to relocate to your new area of employment.
- Also under the **Trade Adjustment Assistance programs managed by Labor is the Wage Insurance Demonstration**. Funded at \$28 million, this program supports workers 50 years of age or older who find reemployment within 26 weeks of being laid off that pays less than \$50,000 and less than they previously earned. Workers who meet these criteria are eligible to receive 50 percent of the difference between their new and old wages up to a maximum of \$10,000 over 2 years. In order to receive the benefit, workers forgo TAA-funded training (\$28 million).
- The **Commerce Department maintains a separate Trade Adjustment Assistance for Firms** which provides technical assistance to manufacturers or producers which have lost employment and sales or production due to increased import competition (\$16 million).
- **Disaster Unemployment Assistance** provides financial assistance to individuals whose employment or self-employment has been lost or interrupted as a direct result of a major disaster declared by the President of the United States (\$40 million).
- Administered by Interior, **Unemployment Compensation for Federal Mine Workers** provides \$1 million a year in unemployment compensation to former workers of the Bureau of Mines.

Department of Labor Waste and Mismanagement

The Department of Labor ends each fiscal year with billions of dollars in unspent and unobligated funds. In 2009, the total amount of unobligated DoL funds is projected to be approximately **\$17.3 billion**.

In FY2009, the Department of Labor's Unemployment Insurance program made **\$12 billion** in improper payments. DOL reported that the leading cause of UI *overpayments* occurred when UI benefit recipients returned to work but continued to claim and receive UI benefits.²

In FY 2008, appropriators and the Department of Labor rescinded a total of **\$298.7 million** from Workforce Investment Act programs for Adults, Dislocated Workers, and Youth. \$250 million of that rescission was out of unexpended balances. Since WIA grants have three years to expend their balances, it appears that the WIA grant program is overfunded as DOL states, "...annual rescissions are not new to our WIA programs."³ Despite the quarter of a billion dollar rescission in FY 2008, Congress appropriated \$2.95 billion in Stimulus Funding to the WIA Adult, Youth, and Dislocated Worker programs on top of regular FY 2009 appropriations of \$3.25 billion for a total of \$6.2 billion for FY2009.⁴

The Montana AFL-CIO misspent **\$1.164 million** in Workforce Investment Act funding resulting in the Montana State Department of Labor terminating the contract because of "non-performance."⁵ The State Labor Department found that for "every \$1 spent to help displaced workers in Montana, the AFL-CIO spent \$4.01 on its own staff salaries."⁶

Central Iowa's local Workforce Investment Act Board misspent **\$1.8 million** in federal funds for salaries and bonuses for three executive officers.⁷ According to a state auditor's report and trial testimony, the board's Executive Director craftily controlled the local oversight board and the state agency handling the federal funds to give her salary and bonuses totaling \$795,000 over two and a half years. The local board's chief operating officer hauled in \$770,000 over the same time

² Government Accountability Office Report GAO-09-628T "Improper Payments," April 22, 2009
<http://www.gao.gov/new.items/d09628t.pdf>

³ DOL, Employment and Training Administration Guidance Letter No. 24-07, March 26, 2008,
<http://wdr.doleta.gov/directives/attach/TEGL24-07.pdf>

⁴ Congressional Research Service Report RL33687, "The Workforce Investment Act (WIA): Program-by-Program Overview and Funding of Title I Training Programs," David Bradley, May 1, 2009.

⁵ Charles S. Johnson, "State ends AFL-CIO job retraining program," *The Missoulian*, February 12, 2008,
<http://www.missoulian.com/articles/2008/02/12/news/mtregional/news07.txt>.

⁶ Charles S. Johnson, "State ends AFL-CIO job retraining program," *The Missoulian*, February 12, 2008,
<http://www.missoulian.com/articles/2008/02/12/news/mtregional/news07.txt>.

⁷ KCCI, Channel 8 Report, "CIETC Scandal Fact Sheet," <http://www.kcci.com/news/8537885/detail.html>

period. Trial testimony included tales of local WIA program workers going to casinos during work, sex, and whistle-blower intimidation.⁸

The local San Diego Workforce Investment Act Board misspent **\$7.7 million** in federal funds on unused building space, excessive equipment costs, excessive rent payments, and used federal funds to pay for items that should have been paid for from other general revenue sources.⁹ Additionally, a San Diego Union-Tribune newspaper investigation revealed the local board spent “\$2.6 million in federal grant money on a Web site for job hunters that took four years to develop and attracted fewer than 200 users.”¹⁰

⁸Jeff Eckhoff, “Ex-CIETC worker details gambling trips, faked signature,” *Des Moines Register*, April 10, 2008, <http://www.desmoinesregister.com/article/20080410/NEWS/80410011/1001/NEWS>

⁹ Department of Labor Office of Inspector General, Audit of the San Diego Workforce Partnership, Inc., Report No. 09-07-001-03-390, February 14, 2007, <http://www.oig.dol.gov/public/reports/oa/2007/09-07-001-03-390b.pdf>

¹⁰David Washburn, “Partnership chief will step down—Early retirement bid follows critical audit,” *The San Diego Union-Tribune*, September 1, 2007, http://www.signonsandiego.com/uniontrib/20070901/news_1b1fitch.html